

# The Gazette of India



## EXTRAORDINARY

### PART II—Section 2

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#### LOK SABHA

The following Bills were introduced in Lok Sabha on the 8th December, 1958:—

##### BILL NO. 125 OF 1958

A Bill to amend the Securities Contracts (Regulation) Act, 1956.

Be it enacted by Parliament in the Ninth Year of the Republic of India as follows:—

1. This Act may be called the Securities Contracts (Regulation) Short title. Amendment Act, 1958.

5 2. After section 7 of the Securities Contracts (Regulation) Act, <sup>insertion of</sup> 1956 (hereinafter referred to as the principal Act), the following <sup>new section</sup> 7A. section shall be inserted, namely:—

10 “7A. (1) A recognised stock exchange may make rules or Power of  
amend any rules made by it to provide for all or any of the follow-  
ing matters, namely:—<sup>recognised  
stock ex-  
change to  
make rules  
restricting  
voting  
rights, etc.</sup>

(a) the restriction of voting rights to members only in respect of any matter placed before the stock exchange at any meeting;

15 (b) the regulation of voting rights in respect of any matter placed before the stock exchange at any meeting so that each member may be entitled to have one vote only, irrespective of his share of the paid-up equity capital of the stock exchange;

20 (c) the restriction on the right of a member to appoint another person as his proxy to attend and vote at a meeting of the stock exchange;

(d) such incidental, consequential and supplementary matters as may be necessary to give effect to any of the matters specified in clauses (a), (b) and (c).

(2) No rules of a recognised stock exchange made or amended in relation to any matter referred to in clauses (a) to (d) of 5 sub-section (1) shall have effect until they have been approved by the Central Government and published by that Government in the Official Gazette and, in approving the rules so made or amended, the Central Government may make such modifications therein as it thinks fit, and on such publication, the rules as 10 approved by the Central Government shall be deemed to have been validly made, notwithstanding anything to the contrary contained in the Companies Act, 1956.”.

1 1956.

**Amendment of section 28.** 3. Section 28 of the principal Act shall be re-numbered as sub-section (1) thereof and after sub-section (1) as so re-numbered, the 15 following sub-section shall be inserted, namely:—

“(2) The Central Government may, by notification in the Official Gazette, declare that all or any of the provisions of this Act shall not apply to any such international financial institution or financial institution set up in a country outside India as may 20 be specified in the notification or any person who has effected any transaction with or through the agency of any such institution, either generally or for such period as may be specified.”.

### STATEMENT OF OBJECTS AND REASONS

One of the most common methods of raising funds in capital exporting countries, like the United States, United Kingdom and Canada, is the issue of convertible bonds or bonds with share warrants attached. It is usual for foreign financial corporations to make an ordinary loan to a company and also obtain by separate contract an option (not from the Company itself but from the principal shareholder or shareholders) to buy shares of the company at a price agreed when the contract is made. Doubts may arise whether such contracts would be legal in view of section 13 of the Securities Contracts (Regulation) Act, 1956. Further, section 20 of the Act which makes options in securities illegal may also apply to the options involved in such contracts. From the very nature of such contracts, they are not speculative in character and it was not the intention of the Act to hamper the operations of foreign financial corporations. It is, therefore, proposed to amend section 28 of the Act so as to empower the Central Government to exempt such financial corporations from all or such of the provisions of the Act as it thinks fit.

2. The provisions contained in the Companies Act, 1956, which are designed to govern and regulate the affairs of companies in general, are unsuitable, in a large measure, to incorporated stock exchanges recognised under the Securities Contracts (Regulation) Act, 1956. It is thus necessary to specifically empower such recognised stock exchanges to make such provisions in their constitutions as would satisfy their requirements, by a suitable amendment to the Securities Contracts (Regulation) Act, 1956 which would override the Companies Act. It is, therefore, proposed to empower recognised stock exchanges to make rules restricting voting rights to members only, restricting the right to appoint proxies and introducing the principle of one member—one vote.

The Bill seeks to achieve the above objects.

MORARJI DESAI.

NEW DELHI;  
The 28th November, 1958.

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### MEMORANDUM REGARDING DELEGATED LEGISLATION

The proposed section 7A sought to be inserted by clause 2 of the Bill empowers a recognised stock exchange to make rules in respect of certain matters specified therein. They relate to the regulation of voting rights of the members of the stock exchange. These are matters which are ordinarily provided for in the rules of the stock exchange. As these rules would be inconsistent with the provisions of the Companies Act, 1956, a specific provision has been made in sub-section (2) of section 7A that if such rules are approved by the Central Government and published in the Official Gazette, they shall have effect, notwithstanding anything contained in the Companies Act. Having regard to the nature of functions performed by recognised stock exchanges, such rules are essential. There would, however, be different rules for different stock exchanges and it would not be possible to provide for such matters in the enactment itself. In these circumstances, the rule-making power is of a normal character.

## BILL No. 126 OF 1958

*A Bill further to amend the Indian Railways Act, 1890.*

Be it enacted by Parliament in the Ninth Year of the Republic of India as follows:—

1. This Act may be called the Indian Railways (Amendment) Act, Short title.  
1958.

9 of 1890 5 2. In section 40 of the Indian Railways Act, 1890 (hereinafter referred to as the principal Act), for the word "President", the word "Chairman" shall be substituted. Amend-  
ment of section 40.

10 3. In section 68 of the principal Act,— Amend-  
ment of section 68.  
(a) in sub-section (1), after the words "railway servant", the words "empowered in this behalf by the railway administra-  
tion" shall be inserted;

(b) in sub-section (2), the words ", if empowered in this behalf by the railway administration," shall be omitted.

15 4. In section 108 of the principal Act, for the words "with fine which may extend to fifty rupees", the words "with imprisonment for a term which may extend to three months, or with fine which may extend to two hundred and fifty rupees, or with both" shall be substituted. Amend-  
ment of section 108.

Amend-  
ment of  
Section  
109.

5. In sub-section (1) of section 109 of the principal Act, for the words "refuses to leave it when required to do so by any railway servant, he shall be punished with fine which may extend to twenty rupees", the following words shall be substituted, namely:—

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"or having unauthorisedly occupied a berth or seat reserved by a railway administration for the use of another passenger, refuses to leave it when required to do so by any railway servant, he may be removed from the compartment or the berth or seat as the case may be, by any railway servant authorised by the railway administration in this behalf or by any other person whom such railway servant may call to his aid and he shall also be punishable with fine which may extend to twenty rupees".

Amend-  
ment of  
section  
112.

6. In section 112 of the principal Act,—

(1) in sub-section (1), for the words "in addition to the amount of the single fare for any distance which he may have travelled", the following words shall be substituted, namely:—

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"and shall also be liable to pay the excess charge herein-after in this section mentioned in addition to the ordinary single fare for the distance which he has travelled, or where there is any doubt as to the station from which he started, the ordinary single fare from the station from which the train originally started, or if the tickets of passengers travelling in the train have been examined since the original starting of the train, the ordinary single fare from the place where the tickets were examined or, in case of their having been examined more than once, were last examined";

(2) after sub-section (1), the following sub-section shall be inserted, namely:—

20

"(1A) The excess charge referred to in sub-section (1) shall be a sum equivalent to the ordinary single fare referred to in that sub-section or fifty *naye paise*, whichever is greater.".

Insertion  
of new  
section  
113B.

Security  
for good  
behaviour  
in certain  
cases.

7. After section 113A of the principal Act, the following section shall be inserted, namely:—

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"113B. (1) When a court convicting a person of an offence under section 112 or section 113 finds that he has been habitually committing or attempting to commit that offence and the court is of opinion that it is necessary or desirable to require that

person to execute a bond for good behaviour, such court may at the time of passing the sentence on the person order him to execute a bond, with or without sureties, for such amount and for such period not exceeding three years as it thinks fit.

5 (2) An order under this section may also be made by an appellate court or by the High Court when exercising its powers of revision.”.

8. In section 114 of the principal Act, for the words “with fine which may extend to two hundred rupees”, the words “with imprisonment for a term which may extend to three months, or with fine which may extend to two hundred and fifty rupees, or with both” shall be substituted.

9. In section 116 of the principal Act, for the words “with fine which may extend to fifty rupees”, the words “with imprisonment for a term which may extend to three months, or with fine which may extend to two hundred and fifty rupees, or with both” shall be substituted.

10. After section 120 of the principal Act, the following section shall be inserted, namely:—

20 “120A. (1) If a person canvasses for any custom or hawk<sup>sing or</sup> or exposes for sale any article whatsoever, in any railway carriage or upon any part of a railway, except under and in accordance with the terms and conditions of a licence granted by the railway administration in this behalf, he shall be punishable with fine which may extend to two hundred and fifty rupees.

25 (2) Any such person as is referred to in sub-section (1) may be removed from the carriage or part of the railway by any railway servant authorised by the railway administration in this behalf or by any other person whom such railway servant may call to his aid.”.

30 11. In section 121 of the principal Act, for the words “with fine which may extend to one hundred rupees”, the words “with imprisonment for a term which may extend to six months, or with fine which may extend to five hundred rupees, or with both” shall be substituted.

12. In section 131 of the principal Act, after the figures “101,”, the figures “108, 112,” shall be inserted.

### STATEMENT OF OBJECTS AND REASONS

The problems of ticketless travel, misuse of the alarm chain apparatus and nuisance on account of unauthorised hawking have been receiving constant attention of the Railways and in spite of their sustained efforts, the evils are continuing without any substantial abatement. There has also been, of late, in certain areas, a number of cases of intimidation of railway servants and interference with their duties on the slightest pretext. Railway servants have even been man-handled while discharging their normal duties.

2. It has been increasingly felt, in these circumstances, that in order to deal with these problems effectively, the penal provisions for these offences should be made more severe.
3. The present Bill seeks to achieve this object.

NEW DELHI;  
*The 29th November, 1958.*

JAGJIVAN RAM.

**\*BILL No. 127 OF 1958.**

*A Bill further to amend the Indian Tariff Act, 1934.*

BE it enacted by Parliament in the Ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Indian Tariff (Amendment) Act, 1958. Short title and commencement.

5 (2) The provisions of clauses (i) and (vi) of section 2 [relating to Items Nos. 18, 28(1), 28(17), 48(1), 48(4), 48(5), 48(7), 49(a) and 71(14)] shall come into force on the first day of January, 1959, and the remaining provisions shall come into force at once.

38 of 1934.

2. In the First Schedule to the Indian Tariff Act, 1934,—

Amendment of First Schedule.

10 (i) in Items Nos. 18, 28(1), 28(17), 48(1), 48(4), 48(5), 48(7) and 49(a)—

(a) in the third column headed "Nature of duty", for the word "Protective", wherever it occurs, the word "Revenue" shall be substituted, and

15 (b) in the last column headed "Duration of protective rates of duty", the existing entries shall be omitted;

(ii) in Items Nos. 28(4), 28(33), 28(34) and 72(14), in the last column headed "Duration of protective rates of duty", for the word, figures and letters "December 31st, 1958", wherever they occur, the word, figures and letters "December 31st, 1961" shall be substituted;

20 (iii) in Items Nos. 46, 46(1), 47, 47(1), 48 and 70(2), in the last column headed "Duration of protective rates of duty", for the word, figures and letters "December 31st, 1958", wherever they occur, the word, figures and letters "December 31st, 1963" shall be substituted;

25 \*The President has, in pursuance of clause (1) of article 117 of the Constitution of India, recommended to Lok Sabha the introduction of the Bill.

(iv) in each of the Items Nos. 66(a) and 66(1), in the last column headed "Duration of protective rates of duty", for the word, figures and letters "December 31st, 1958", the word, figures and letters "December 31st, 1960" shall be substituted;

(v) in Item No. 70(3)—

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(a) in the fourth column headed "Standard rate of duty", for the figures and words "35 per cent. *ad valorem*", the figures and words "45 per cent. *ad valorem* or Rs. 45·00 per cwt., whichever is higher" shall be substituted, and

(b) in the last column headed "Duration of protective rates of duty", for the word, figures and letters "December 31st, 1958", the word, figures and letters "December 31st, 1963" shall be substituted;

(vi) for Item No. 71(14), the following Item shall be substituted, namely:—

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"71(14) Steel files (including saw files but excluding jewellers' files, watch-makers' files, other needle files, mill tooth files, rotary power files and ampoule files) of the following sizes, namely :—							20
not less than $3\frac{1}{2}$ inches but not exceeding $5\frac{1}{2}$ inches.	Protective	Rs. 7·00 per dozen.	..	..	December 31st, 1960.	25	
exceeding $5\frac{1}{2}$ inches but not exceeding 7 inches.	Protective	Rs. 8·00 per dozen.	..	..	December 31st, 1960.	30	
exceeding 7 inches but not exceeding 8 inches.	Protective	Rs. 11·00 per dozen.	..	..	December 31st, 1960.	35	
exceeding 8 inches but not exceeding 10 inches.	Protective	Rs. 15·00 per dozen.	..	..	December 31st, 1960.	40	
exceeding 10 inches but not exceeding 12 inches.	Protective	Rs. 19·00 per dozen.	..	..	December 31st, 1960.	45	
exceeding 12 inches but not exceeding 14 inches.	Protective	Rs. 26·00 per dozen.	..	..	December 31st, 1960.	50	
exceeding 14 inches but not exceeding 18 inches.	Protective	Rs. 34·00 per dozen.	..	..	December 31st, 1960.";	55	

(vii) in Item No. 72(d), in the second column headed "Name of article", for the words "and also with squirrel cage electric motors of one-quarter of one brake-horse-power and above", the words, figures, brackets and letter "and also with electric motors falling under Item No. 72(14) (a)" shall be substituted.

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### STATEMENT OF OBJECTS AND REASONS

The present Bill seeks to amend the First Schedule to the Indian Tariff Act, 1934 (32 of 1934) in order to continue or discontinue protection to certain industries on the advice of the Tariff Commission.

2. The industries which will continue to be protected are:—

Serial No.	Item No. of Tariff	Name of the industry
1	28(4)	Soda Ash.
2	28(33)	Calcium Carbide.
3	28(34)	Caustic Soda.
4	46, 46(1), 47, 47(1) and 48	Sericulture.
5	66(a) and 66(1)	Aluminium.
6	70(2) and 70(3)	Antimony.
7	71(14)	Engineers' steel files.
8	72(14)	Electric motors.

3. The industries in respect of which protection will be discontinued from the 1st January, 1959, are:—

Serial No.	Item No. of Tariff	Name of the industry
1	18	Cocoa powder and Chocolate.
2	28(1)	Bleaching powder.
3	28(17)	Bichromates.
4	48(1), 48(4), 48(5), 48(7) and 49 (a)	Artificial silk and cotton and artificial silk mixed fabrics.

Steel rasps are also being excluded, with effect from the 1st January, 1959, from the scope of protection to the Engineers' steel files industry.

4. Opportunity has also been taken to carry out a consequential amendment of a formal character.

MANUBHAI SHAH.

NEW DELHI;  
The 1st December, 1958.

M. N. KAUL,  
*Secretary.*